BALANCED BUDGET RECONCILIATION/Incentive to Report Medicare Fraud

SUBJECT: Balanced Budget Reconciliation Act of 1995 . . . S. 1357. Abraham amendment No. 2950.

ACTION: AMENDMENT AGREED TO, 99-0

SYNOPSIS: As reported, S. 1357, the Balanced Budget Reconciliation Act of 1995, will result in a balanced budget in seven years, as scored by the Congressional Budget Office (CBO). The bill will also provide a \$245 billion middle-class tax cut, \$141.4 billion of which will be to provide a \$500 per child tax credit.

The Abraham amendment would require the creation of a program to encourage Medicare beneficiaries to report fraud and abuse in the Medicare Program; that program would authorize the payment of a portion of the savings that resulted to the individuals who reported the fraud. It would also require the creation of a program to encourage Medicare beneficiaries to suggest means of improving the efficiency of the Medicare Program, with an authorization to make payments from the savings to those individual who made the suggestions.

NOTE: A Harkin second-degree amendment to the Abraham amendment was withdrawn prior to the vote on the Abraham amendment. The Harkin amendment would have nullified all of the bill provisions dealing with Medicare fraud and abuse and would have substituted alternate provisions. The language from the Abraham amendment would have been retained. The Harkin amendment was later offered as a free-standing amendment (see vote No. 510).

Those favoring the amendment contended:

The savings that are necessary to rescue the Medicare Program from bankruptcy will not be found solely through eliminating waste, fraud, and abuse, but it is nevertheless incumbent upon use to pursue and root out every vestige of inefficiency in the system. There is an awful lot to root out--the General Accounting Office (GAO) estimates that as much as 10 percent of Medicare spending is misspent. At the present spending level, that is \$17 billion per year. This amendment would add two additional programs to the bill to identify and eliminate waste, fraud, and abuse.

(See other side) NAYS (0) **YEAS (99)** NOT VOTING (0) **Democrats** Republicans **Democrats Democrats** Republican Republicans (53 or 100%) (46 or 100%) (0 or 0%) (0 or 0%) (0)(0)Abraham Helms Akaka Inouve Ashcroft Hutchison Baucus Johnston Kennedy Bennett Inhofe Biden Jeffords Bond Bingaman Kerrey Brown Kassebaum Boxer Kerry Burns Kempthorne Bradley Kohl Campbell Kyl Breaux Lautenberg Chafee Lott Bryan Leahy Bumpers Levin Coats Lugar Cochran Lieberman Mack Bvrd Cohen McCain Conrad Mikulski Coverdell McConnell Moseley-Braun Daschle Murkowski Moynihan Craig Dodd D'Amato Nickles Dorgan Murray DeWine Pressler Exon Nıınn Feingold Dole Roth Pell EXPLANATION OF ABSENCE: Domenici Santorum Feinstein Pryor Faircloth Shelby Ford Reid 1—Official Buisiness Simpson Glenn Robb Frist 2—Necessarily Absent Gorton Graham Rockefeller Smith 3—Illness Gramm Snowe Harkin Sarbanes 4—Other Grams Specter Heflin Simon Grassley Hollings Wellstone Stevens SYMBOLS: Gregg Thomas AY—Announced Yea Hatch Thompson AN-Announced Nav Hatfield Thurmond PY-Paired Yea Warner PN-Paired Nay

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The reconciliation bill before us already has numerous programs to address these problems. First, it will require the creation of a joint Federal-State-local law enforcement program to integrate efforts to combat fraud. Second, it will create a new health care anti-fraud and abuse account in order to fund this law enforcement effort. Funds collected in fines, penalties, forfeitures, and damages from health care fraud will be put into this fund. Third, it will create new health care anti-fraud and abuse guidelines relating to safe harbors, interpretive rulings, and special fraud alerts. Fourth, it will strengthen current sanctions by requiring the Secretary of Health and Human Services to bar Medicare and Medicaid payments to individuals and entities that have been convicted of fraud. Fifth, intermediate sanctions will be available to use against Medicare Health Maintenance Organizations (HMOs) that fail to live up to their contractual responsibilities. Sixth, the bill will establish a national health care fraud and abuse data collection program that will be open to all Federal and State agencies. Seventh, civil monetary penalties will be increased and new offenses will be added for which there will be civil penalties. Eighth, for the first time a health care fraud section will be added to the criminal code. Ninth, State health care fraud control units will be allowed to investigate other Federal fraud abuses and will be allowed to investigate patient abuse in non-Medicaid facilities. Tenth, anti-kickback laws will be strengthened.

The Abraham amendment would add to these programs two new programs which every Member, by dint of common experience, knows would work. We all have received calls and letters from our constituents on some of the outrageous Medicare bills that have been paid on their behalf by the Federal Government. Beneficiaries of the program are familiar with its wasteful and fraudulent spending practices, and could thus prove enormously helpful in cleaning up the program. The Abraham amendment would call on beneficiaries for help.

We are pleased to support the Abraham amendment, as we are pleased to support the Medicare proposals to eliminate waste, fraud, and abuse that are already in the bill. It will not be easy or painless to save Medicare, because its problems have been allowed to worsen for too long without taking any action. By targeting waste, fraud, and abuse, we can limit any hardship that will come from reforming the program. We are therefore pleased to vote for the adoption of the Abraham amendment.

While favoring the amendment, some Senators expressed the following reservations:

The Abraham amendment is praiseworthy, as are the waste, fraud, and abuse reforms in the underlying bill, but the main reform that needs to be made has been ignored. That reform is that Medicare must adopt competitive bidding. Further, even adopting competitive bidding on top of the other reforms would not be enough to offset the cruel cuts in Medicare that are in this bill. We will support this amendment, but it is not enough.